



Investment Office

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December 13, 2010

AGENDA ITEM 4

TO: MEMBERS OF THE INVESTMENT COMMITTEE

- I. SUBJECT:** Member Home Loan Program Direction
- II. PROGRAM:** Affiliate Investment Programs Division
- III. RECOMMENDATION:** Approve the suspension of new loans for the Member Home Loan Program and the Secured Personal Loan Program.

IV. ANALYSIS:

At the November 15, 2010 Investment Committee meeting staff recommended suspending the CalPERS Member Home Loan Program and the Secured Personal Loan Program to new loans due to:

- 1. Limited member value
- 2. Limited member usage
- 3. Losses in member retirement benefits due to Secured Personal Loans

The Committee directed staff to communicate and get feedback from employee and employer groups and report back in December.

- On November 17, 2010, employee groups and key stakeholders were invited to an informational session on December 3, 2010 to discuss this recommendation and provide feedback.
- On November 19, 2010, a CalPERS Circular Letter was emailed to CalPERS contracting employers with information on this recommendation. Employers were asked to call the Employer Contact Center should they have questions or comments. The Contact Center was directed to gather statistics on the number of calls and to direct questions or comments to the Affiliate Investments Programs Division for follow up.

At the December Investment Committee meeting, staff will provide a summary of this feedback and request direction from the Committee.

V. STRATEGIC PLAN:

These initiatives address two CalPERS Strategic Plan Goals.

- Goal VI to administer pension benefit services in a customer oriented and cost effective manner.
- Goal IX to achieve long-term, sustainable, risk adjusted returns.

VI. RESULTS/COSTS:

Should the Committee approve suspending new loans, this suspension would be accomplished over the next three months to avoid interrupting current loans in the pipeline. This recommendation will reduce staff resource requirements and mitigate risks to the Fund.

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